

# Advertising Sales Tips

## IDEAS FOR ASSOCIATION PUBLISHERS

### Social Networking and Sales

An important element to the successful management of the sales process is regular communication with your customers and prospects. Keeping your name in front of your customers is a proven way of retaining relationships with those with whom you do business. This is not new. What is new, however, is that there are now more tools than ever that are available to enable you to do this. Much has been written about integrating social networking tools into your customer relationship strategy. Steven Tylock, a well-known author on the use of Web 2.0 strategies states, “If there is any technology tailor-made for a profession’s natural talents, it’s social networking and sales. Sellers, after all, are communicators. And social media lets them reach out—and then reach out some more.”

The use of such sites as LinkedIn, Twitter, and Facebook are really nothing more than channels with which to communicate with your audience. They are a path that you should be using to connect with your audience of advertisers, exhibitors, sponsors, and prospects. With these tools you can attract people to your website or blogs, share information, and promote your products and events. They allow you to reach a broader audience than ever before and deliver to them specific information targeted to their areas of interest. This is all good, but only takes advantage of half of all that social networking can and should be doing for you. Let me offer a suggestion.



Your customers, their customers, your members, and you are all part of a community. And there is no better way to build and maintain a community of widely dispersed members than through the use of social networking tools. But, a true community openly invites two-way communications and this is where you can develop the full potential that Web 2.0 technologies offer.

For instance, you could create a group of exhibitors and invite them to post questions or comments about your last convention. Ideas could be exchanged between participants as well as comments, criticisms, and suggestions could be shared with your organization’s exhibits staff. This takes the concept of the annual exhibitor’s meeting and

extends it to become a community of people with similar interests. Your first reaction to this might be that you don’t want unhappy exhibitors publicly posting their feelings. But, if you are managing the conversation, the appropriate member of your staff could address those criticisms in a positive way, discuss the steps you have taken to assure that the same issues do not occur at next year’s event, and therefore, show the community that you are open and responsive to the issues raised by your exhibitors. This is also called customer service, an art form that many say has been lost.

Advertising sales could also benefit from the establishment of a community of advertisers. Invite your magazine and web advertisers to share with each other the types of advertising messages that were most ef-

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## ***Social Networking (continued)***

fective in reaching the audience your association delivers. I recently sold an ad in an association magazine in which about 70% of the readers are female. The advertiser submitted ad material that was clearly targeted to a male audience. I called the advertiser to advise them of this mismatch and as a result, they submitted different material. But, I could see where a community of advertisers, who willingly shared what worked and what didn't, could have avoided the problem for this advertiser. I am not naïve and I understand that companies competing with each other would not willingly share this type of information in a public forum. But,

non-competing companies may gladly share their experiences with each other. It is an open invitation for all stakeholders to share with each other.

An association is really a community of people with similar interests and the community is stronger when its members have dialogues with each other. Social networking is one more tool that sales managers should be regularly using to maintain communication and create a feeling of community with all customers and prospects. It is, in fact, another value-added service that can put you ahead of your competition.

## **Should You Be Offering the Agency Commission?**

**A**mong many ways, advertising agencies earn money by retaining 15% of what they purchase on behalf of their clients. For example, if an ad agency purchases space from you for \$1,000, they will bill their client for that amount but only remit \$850 to you, keeping \$150 as their commission. Whether we like it or not, this system has been in place for decades and applies not only to magazine ads, but to all media including television, radio, newspapers, and billboards. In order to take advantage of this discounting system, many corporations of all sizes have created "in-house" agencies, the purpose of which is to purchase their advertising at the discounted rate.

As advertising revenue has declined and publishers are facing increased production and postage costs, many organizations are reviewing their policy regarding agency commissions and redefining who should be entitled to them. So, how do you decide whether or not you should continue to offer ad agency commissions, and if so, to whom?

First, take a look at your

industry's advertisers. If you are operating in a large industry with relatively large corporations as your advertisers and ad prospects, then most likely those companies employ the services of a full service ad agency. In such cases, it is usually the function of the ad agency's media department to make recommendations as to which media their client should use and, therefore, which should be included in the budgeting process. If that agency is not going to earn its commission on the ads they place, then your publication will not be included in their media plan.

If you are selling to smaller sized companies or to government or non-profit organizations, then there is little need to offer the agency commission. You establish your ad rate structure and clearly state in your rate card that all rates are "net", that means that the amount on the rate card is the amount the ad will cost. In the instance where a company wants to place its ad through its agency, you tell them to "gross up" the fee so that when they deduct their 15% commission, the net figure equals the rate card price. Take the

example of a rate card showing a net rate for an ad of \$1000. By dividing that figure by 85% (the net amount you would receive after granting a discount), you get a "grossed up" figure of \$1176.47. When you then deduct 15% from that number, you end up back at \$1000 and the agency has earned \$176.47.

I have seen too many publishers automatically offering the 15% agency commission to everyone. The effect of this is that they have lowered their ad rates by that percentage and are giving money away when they don't necessarily have to. On the other hand, if your publication exists in a world where ad agencies are controlling the vast amount of ad dollars, then adjust your ad rate structure and budgets assuming that you will only receive 85% of what you sell. Most association rate cards have should have wording to the effect that "commissions are granted only to recognized agencies and at the sole discretion of the publisher." By enforcing this rule, it puts you back in control of the pricing process, while offering the proper incentive to those companies that should be entitled to it.